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TO: Secretary of State

NO: 349, February 12, 2 p.m.

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REVIEWED BY G.M. Razi DATE May 6, 1982

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SENT DEPARTMENT 349 REPEATED INFORMATION BENGHAZI UNNUMBERED

During preliminary meeting Joint Economic Commission (EMBTEL 344) Pitt-Hardacre showed my deputy list of tentative projects GOL desired finance during current fiscal year with American economic assistance funds. High on list was item of one million pounds ($2.8 million) for Tripoli power plant. Query for details elicited fact large proportion this amount would be used in buying out present owners (92 percent of stock is owned by SECI, an Italian company). Embassy representative vigorously took issue with utilization American aid for purpose nationalization private utility. Dr. Aneizi countered by stating Prime Minister had already committed himself to Council of Ministers on this project.

Since most important matter principle involving fundamental functions and responsibilities commission at stake in this evidence Prime Minister's intention commit funds even before first meeting, I called on him and Braneizi this morning.

I said felt it my duty inquire directly of him re above report since it was my understanding, as I felt sure it was his also, joint commission intended not merely as rubber stamp for projects already decided upon outside commission but as body charged with responsibility study thoroughly all projects submitted to it in order assure American funds be used best long-range economic interests Libya.

In reply Prime Minister said he agreed and that he had not really "committed" funds for Tripoli power plant but had merely used this project as illustration with Council Ministers as to way in which money might be spent.

We then discussed briefly general aspects of government versus private ownership utilities and various possible methods financing nationalization if that decided upon by GOL. I said adverse reaction might be expected American Congress were American aid funds used buy out Italian private enterprise in Libya and suggested GOL, Embassy and USOM/L explore on urgent basis all possibilities for solving Tripolitanian electric power problem.

Prime Minister

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-2- 349, February 12, 2 p.m., from Tripoli

Prime Minister agreed.

I left aide memoire presenting our views which will be pouched.

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